

RANGER OIL (Canada) Limited

36D



ANNUAL REPORT 1964



RANGER OIL (CANADA) LIMITED
and subsidiary companies

Highlights of 1964
Reviewed and Compared with Previous Years

FINANCIAL	1960	1961	1962	1963	1964
Total income from all sources	398,768	491,302	698,282	676,970	778,163
Net income from oil and gas sales after royalty and lifting costs	309,390	398,602	552,969	531,780	584,780
Cash operating income	166,681	229,409	321,840	390,626	481,546
Interest and Discount on long term debt	6,434	8,771	15,251	1,691	4,007
Net Income (loss)	(45,648)	53,464	108,285	(9,416)	342,432
Shares outstanding	1,582,399	1,587,399	1,587,399	1,587,399	1,587,399
OPERATING					
Oil Production — Ranger's share of gross barrels	148,888	184,698	227,638	170,318	166,954
Gas Production — Ranger's share of gross MCF	853,492	965,881	1,584,883	2,908,928	3,404,991

Front cover map shows Ranger properties indicated by asterisk.

Scale:- 1 inch equals 300 miles.

SENIOR PERSONNEL:

D. G. FLANAGAN	Assistant Secretary
A. B. WIIGS	Production Superintendent
D. G. PENNER, B.Sc., P.GEOL.	Consulting Geologist
H. H. CHRISTIE, B.Sc., M.Sc.	Senior Geologist

JUN 10 1965

Officers and Directors

J. M. PIERCE, B.Sc., P.Eng., — *President and Director, Calgary, Alberta*
E. O. PARRY — *Vice-President, Secretary-Treasurer and Director, Calgary, Alberta*
F. R. MATTHEWS, Q.C. — *Director, Calgary, Alberta*
R. CHAMBERLAIN — *Director, Lusk, Wyoming*
W. B. MILNER — *Director, Vancouver, B.C.*

Registrar and Transfer Agent

GUARANTY TRUST COMPANY OF CANADA
311 - 8th Avenue S.W., Calgary, Alberta
70 Richmond Street West, Toronto, Ontario
610 St. James Street West, Montreal, Quebec
624 Howe Street, Vancouver, B.C.

Solicitors

ALLEN, MacKIMMIE, MATTHEWS, WOOD, PHILLIPS & SMITH
505 - 2nd Street S.W., Calgary, Alberta
KEITH, GANONG, MAHONEY & KEITH
25 Adelaide St. West, Toronto, Ontario
BARRETT & BARRETT
Lusk, Wyoming
COLLINS, HUGHES, MARTIN, PRINGLE & SCHELL
1400 Wichita Plaza Building, 145 North Market Street, Wichita 2, Kansas
NORTON, ROSE, BOTTERELL & ROCHE
Kempson House, Camomile Street, London, E.C. 3, England

Auditors

RIDDELL, STEAD, GRAHAM & HUTCHISON
309 - 8th Avenue S.W., Calgary, Alberta

Bankers

THE ROYAL BANK OF CANADA
Main Branch, Calgary, Alberta
THE FOURTH NATIONAL BANK
AND TRUST COMPANY, WICHITA
Wichita, Kansas

Principal Business Office

505 - 8th AVENUE WEST BUILDING, CALGARY, ALBERTA

Registered Office

25 Adelaide Street West, Toronto, Ontario

President's Report To The Shareholders

FINANCIAL

On behalf of the Board of Directors, I wish to report another record year for the Company. Total income from all sources is \$778,163, up 15% from 1963. Cash Operating Income is approximately half a million dollars. This figure has doubled in the three years since 1961. Net Income, after all charges, including depreciation and depletion, is \$342,432.

A study of the Consolidated Statement of Source and Disposition of Funds shows that the Company added to its property, plant and equipment, additions of over one million dollars during the year. Of this million dollars, some \$613,000 were provided for from proceeds of the year's operations and the remainder from working capital and a bank loan of \$315,000. The majority of this million dollar investment was made in the new Slave Lake-Mitsue major oil field of Northern Alberta.

Income Tax Position:

The Canadian parent, Ranger Oil (Canada) Limited, has approximately \$475,000 of exploration and development carry forward, as of the year end 1964. The United States subsidiary, Ranger Oil Company, has sufficient exploration and development carry forward to where there is no United States tax liability in sight for several years.

PRODUCTION AND EXPLORATION

Oil and Gas Reserves:

The Directors have decided to again issue a statement of oil and gas reserves. As of December 31, 1964, the Company's proven developed reserves are computed to be:

OIL	4,350,000 Barrels
GAS	78.714 Billion Cubic Feet

Gas Production:

Approximately one-half the Company's income derives from Canadian gas production. Our major properties at Steveville and Viking Kinsella are continuing to produce at high rates of production.

Oil Production:

The Company's very substantial participation in the Slave Lake-Mitsue oil field of Northern Alberta, combined with increased production from Saskatchewan and North Dakota, should result in increased oil production for 1965.

New Exploration:

In addition to our large participation in the Slave Lake-Mitsue oil field, the Company has extended its interest into the Northwest Territories north of the new Rainbow-Zamma Lake discovery in the very northwest corner of Alberta. The Company owns 61,272-acre Government of Canada Permit No. 4195, Lat. 61° 30' N, Long. 122° 00' W.

North Sea:

Ranger Oil (U.K.) Limited, a wholly-owned subsidiary of Ranger Oil (Canada) Limited, applied for several exploration blocks in the British portion of the North Sea. All of Ranger's applications were in areas that turned out to be the most promising from preliminary geological and geophysical studies. Unfortunately, the British Government gave sharp preference to British and major oil companies in the area of greatest preference, and Ranger did not secure the award of any block.

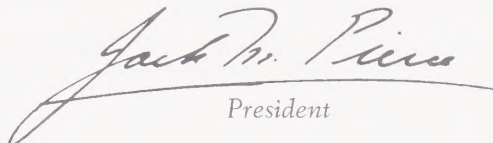
FUTURE MARKETS FOR CANADIAN OIL

The past year has seen a marked shift in the pattern of oil reserve development in North America. Canada has turned up with one certain and another probable major oil field discovery in the past year. The Gulf of Alaska appears to be developing into a major reserve area. The Alberta Government has given the green light for the first

commercial exploitation of the Alberta tar sands. In the United States, substantial progress appears to have been made towards first development of the Colorado oil shales. These developments must force a re-evaluation by United States authorities of their oil control program. The United States will no longer have to feel dependent on imports from beyond Continental North America. This re-evaluation by United States authorities should also extend to their protection of marginal domestic production. The net result should be a constantly growing market for Canadian crude oil production.

SUBMITTED ON BEHALF OF THE BOARD OF DIRECTORS:

Date April 21, 1965, Calgary, Alberta.


President

ADDENDUM:

As this report goes to press, at the April 27, 1965 Alberta Crown Sale, our group purchased five additional land parcels in the Slave Lake-Mitsue area, bringing our group's total net proven acre interest to approximately 5,000 acres.

RANGER OIL (CANADA) LIMITED

and subsidiary companies

Synopsis

*Properties in Alberta, Saskatchewan, British Columbia, Northwest Territories,
Kansas, Wyoming and North Dakota*

Gross Acres	284,958
Net Acres	123,628
Gross Producing Oil Wells	46 Wells
Gross Gas Wells	34 Wells
Incorporated Province of Ontario	August 21, 1950
Capitalization	3,000,000 N.P.V. shares
Issued, as at December 31, 1964	1,587,399 shares
In Treasury, as at December 31, 1964	1,412,601 shares
Listed	Canadian (Montreal) Stock Exchange Toronto Stock Exchange Calgary Stock Exchange Vancouver Stock Exchange
Proven Developed Reserves:	
Oil	4,350,000 Barrels
Gas	78.714 Billion Cubic Feet

(Note: On May 13, 1954, Company name changed from Maygill Petroleum Company Limited to West Maygill Gas and Oil Limited. All outstanding shares were exchanged—ten shares of Maygill Petroleum Company Limited for one share of West Maygill Gas and Oil Limited.

Company name changed October 5, 1958 from West Maygill Gas and Oil Limited to Ranger Oil (Canada) Limited.)

Oil Properties

ALBERTA

Slave Lake - Mitsue

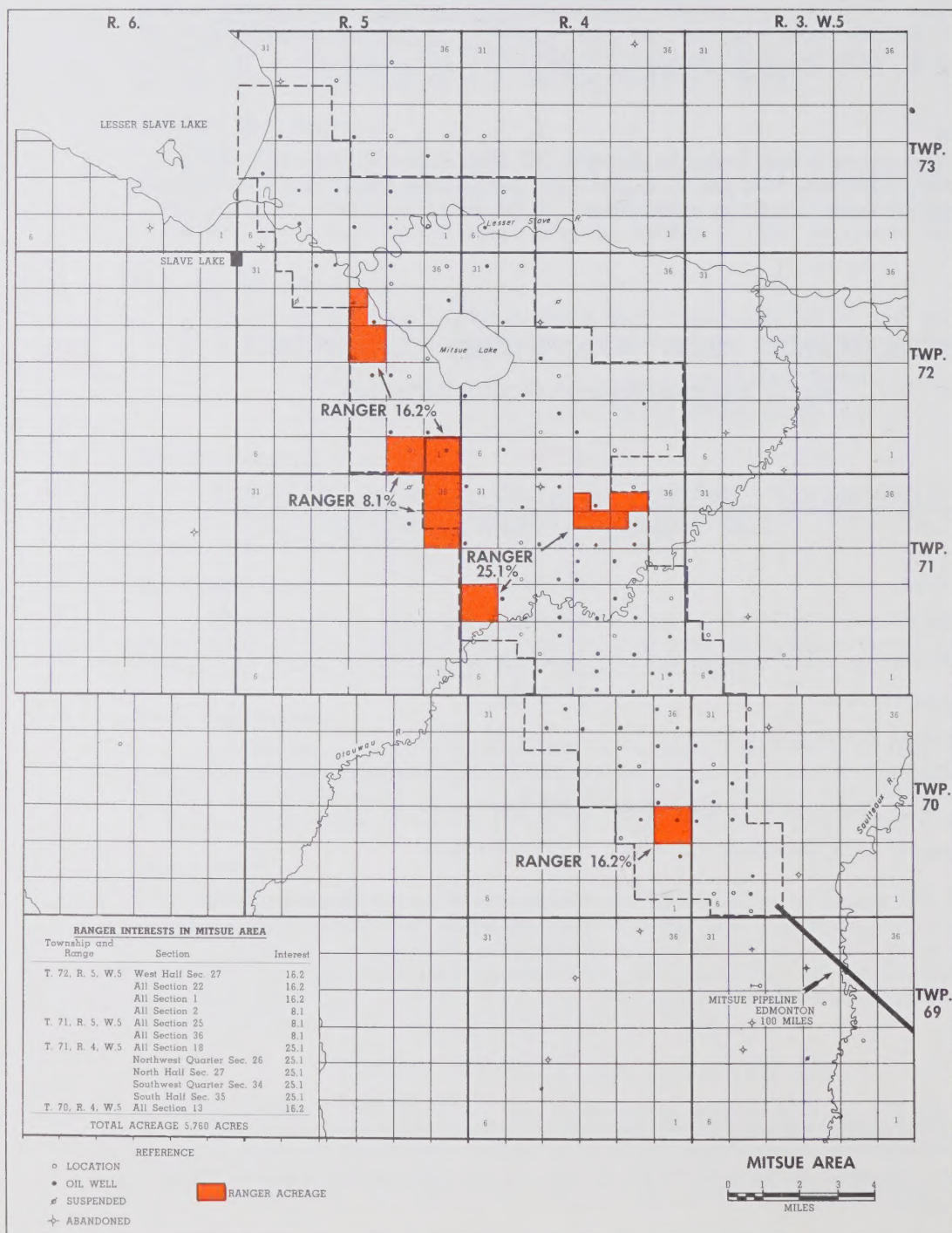
During the past year, a group of oil, mining and pipeline companies, with Ranger as the largest interest holder acquired a large position in the new Slave Lake - Mitsue Major oil field. As can be seen on the map, we presently own four and one-half

sections of land. To this date, the following three wells have been completed:

Decalta Ranger et al Mitsue 10-13-70-4 W5M

Decalta Ranger et al Mitsue 10-1-72-5 W5M

Decalta Ranger et al Mitsue 12-27-72-5 W5M



California Standard Decalta Ranger et al Mitsue 10-2-72-5 W5M is presently drilling. Decalta Ranger et al Mitsue 10-22-72-5 W5M will be drilled as soon as the ground dries in early Summer. This field is a major oil field discovery in the Gilwood sand of Middle Devonian Age. Because considerably more Crown lands are available for purchase, we are maintaining tight security on this operation and can give no well nor reservoir data in this report.

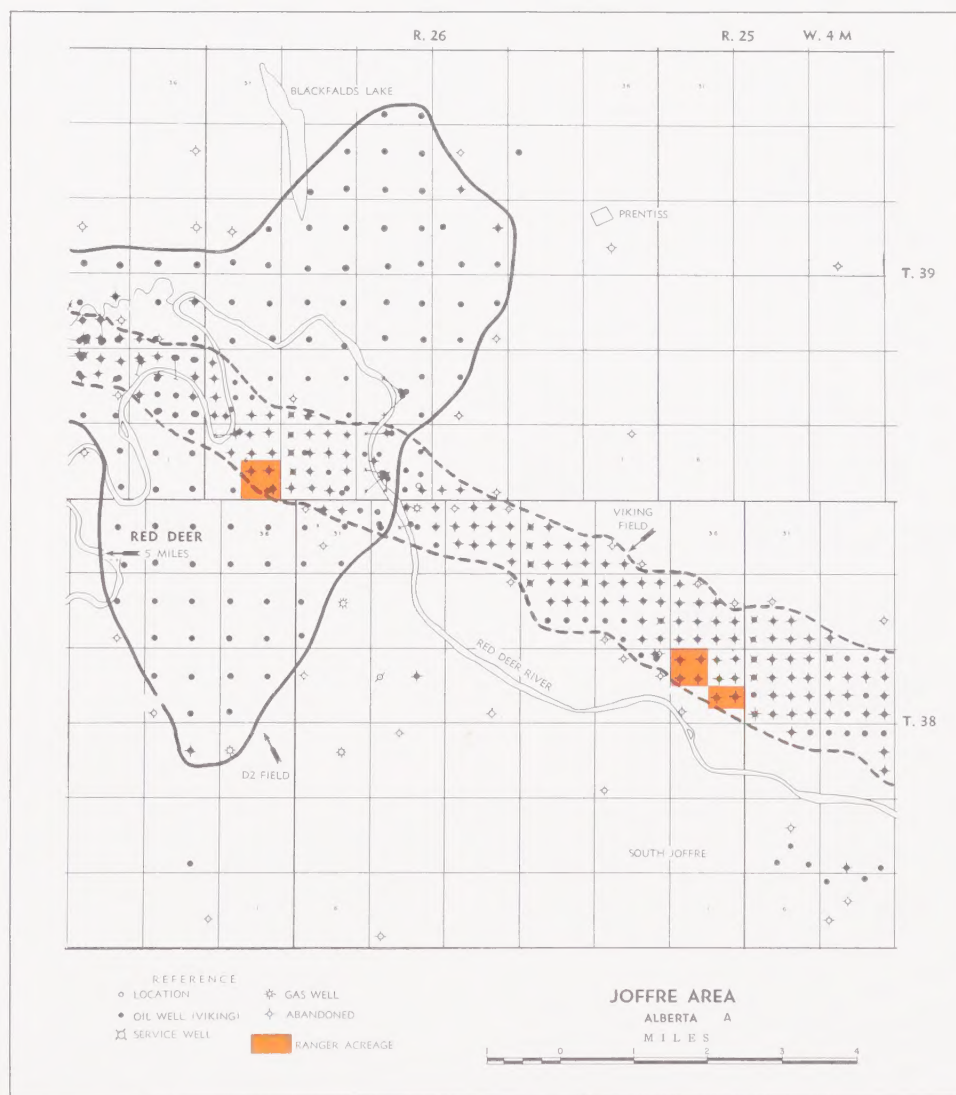
This success will, of course, give the Company a very large increase in reserves and after the pipeline and gathering system are completed this Summer, a substantial income increment.

Ranger's interest in the Mitsue area is shown on the adjoining map.

Joffre and Joffre Units

This field has been the scene of considerable activity for the Company. In the original main part of the Viking sand field the 8 wells that we own with Great Plains Development Company of Canada Ltd., were unitized with the other operators and a water flood commenced. This flood was planned by the Joffre Engineering Committee with Core Laboratories Inc. as consultants. The flood has performed according to plan. With the success of this flood, recoveries are expected to be 3 times original primary.

In the west part of the field in 1958 we drilled our SE¼ of Sec. 6, Twp. 39, Rge. 26 W4. The results exceeded our most optimistic expectations. The D2 well will produce 200 barrels per hour



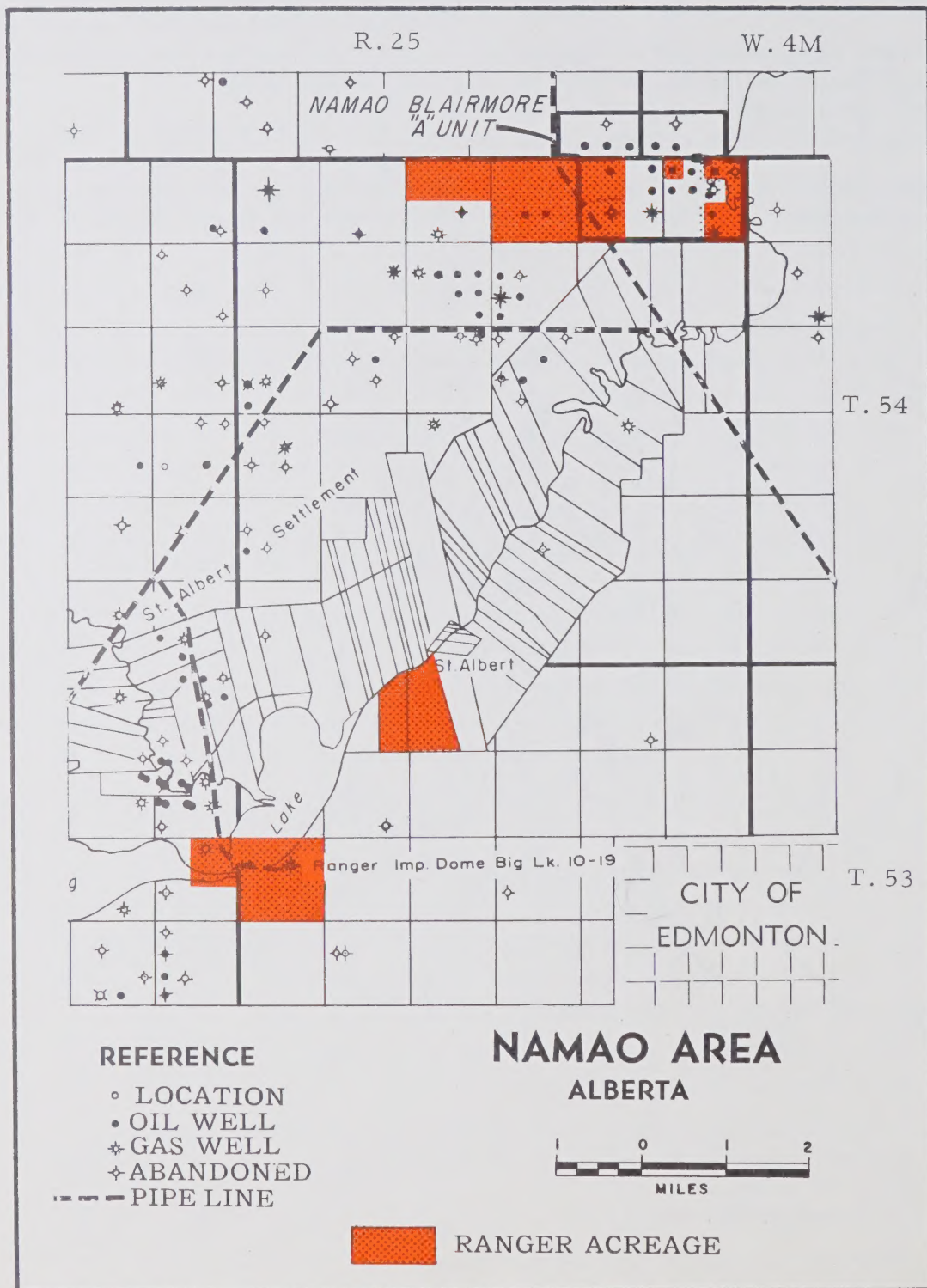
on a 28/64 choke maintaining 800 lbs. tubing pressure and 1,500 lbs. casing pressure. This well, just on the outskirts of the city of Red Deer, is therefore the equal of the big Venezuelan wells which can produce 5,000 barrels per day.

On the same quarter as the D2 well we have completed three Viking sand producers. These three Viking sand wells are part of Segment

'E' of the Joffre Unit. We own 85% interest in this property. Oil is 41° gravity, sweet.

Namao Unit

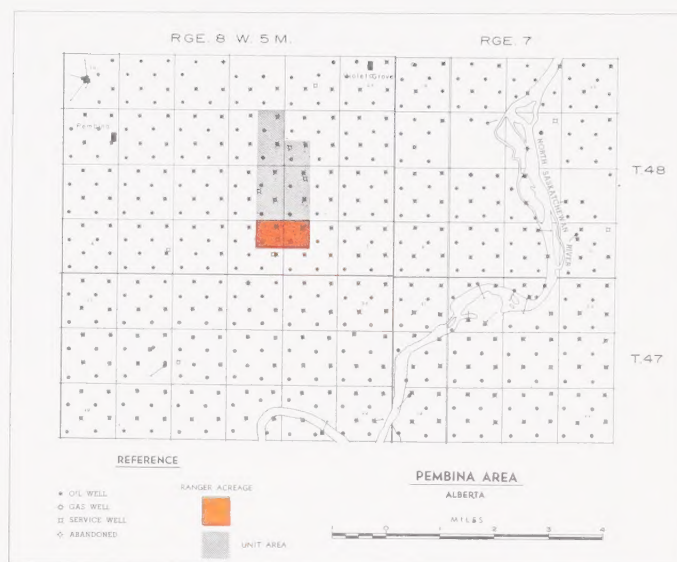
The Namao field proper was unitized in 1961, culminating several years of arduous negotiation. Oil production substantially increased and the Unit is marketing gas satisfactorily to Canadian Industrial Gas Ltd.



Namao

Ranger Sharp Bralsa Namao 6-34 was drilled in 1959, being a west offset to our original 7-34 discovery. We encountered an excellent oil zone which drillstem tested 1,000 feet of clean oil. The well was completed as a flowing oil well and has maintained allowable production. Oil is 34° gravity, sweet.

Our original 7-34 discovery is now thirteen years old and is still capable of double its allowable production, no water.

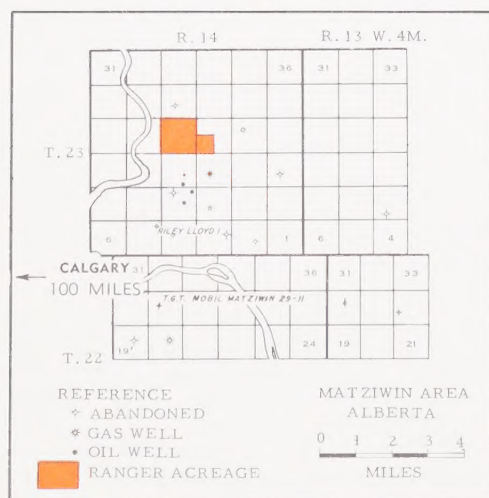
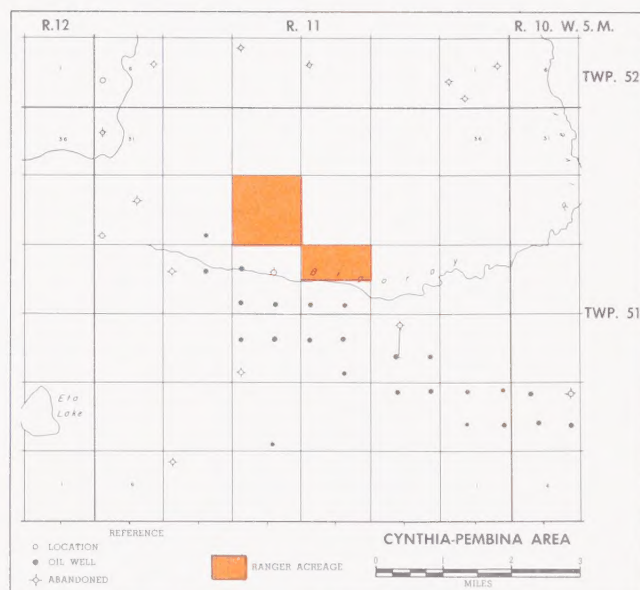


Pembina Unit

Our Pembina property, previously owned in partnership with Colorado Oil and Gas Ltd., has now been unitized with several other companies to where we now own a share of a Pembina Unit.

Cynthia - Pembina Area

Ranger owns 960 acres in this area, described as follows TS1, R11, W.5M, ½ Sec. 22 and all Sec. 28.



Matziwin Area

At the October 10, 1962 Crown Sale, we purchased all of Section 21 and the SW¼ of Section 22 in Township 23, Range 14 W4. These lands are the offset sections north of the recent Banff Pekisko and Detrital discoveries, 7-16-23-14 W4 and 7-15-23-14 W4. The 7-16 discovery recovered 3,130 feet of oil from the Pekisko at approximately 3,300 feet.

SASKATCHEWAN

Alida

In June 1957, we completed Maygill Bralsaman 15-32 with a potential of 40 barrels per hour on 24/64 choke, no water, and in December 1957, Maygill Bralsaman 5-32, for a potential of 100 barrels per hour. Both wells are flowing to a common battery and connected to the Westspur Pipeline. We own an 85% interest in this lease. The oil is 40° gravity, sweet. The producing horizon is Mission Canyon limestone.

West Carnduff Unit

In 1959, we drilled Ranger Bralsa Carnduff 7-20 as an excellent flowing well. The producing horizon is Midale limestone. Oil is 39° gravity, sweet. Ranger interest is 85%. This lease is now part of the West Carnduff Unit.

East Carnduff Unit

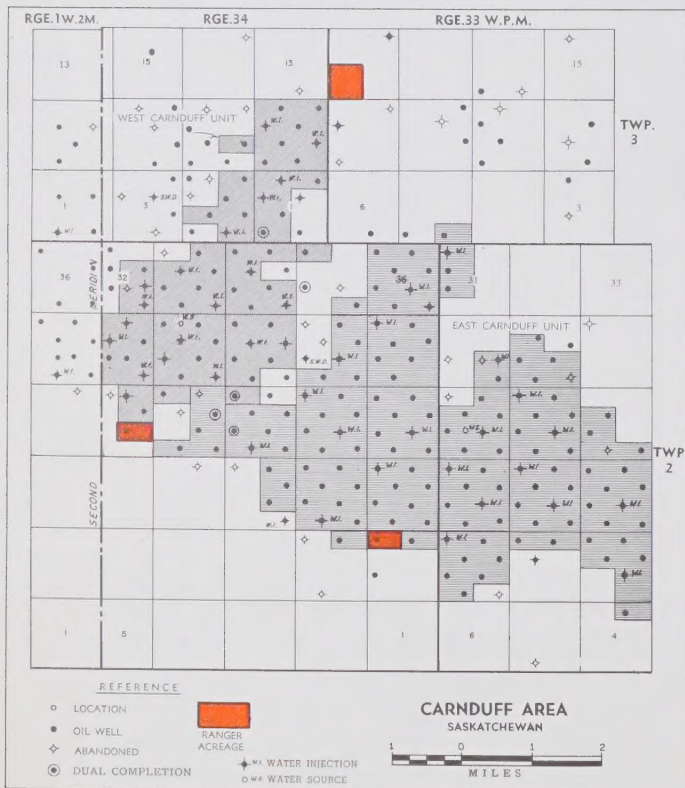
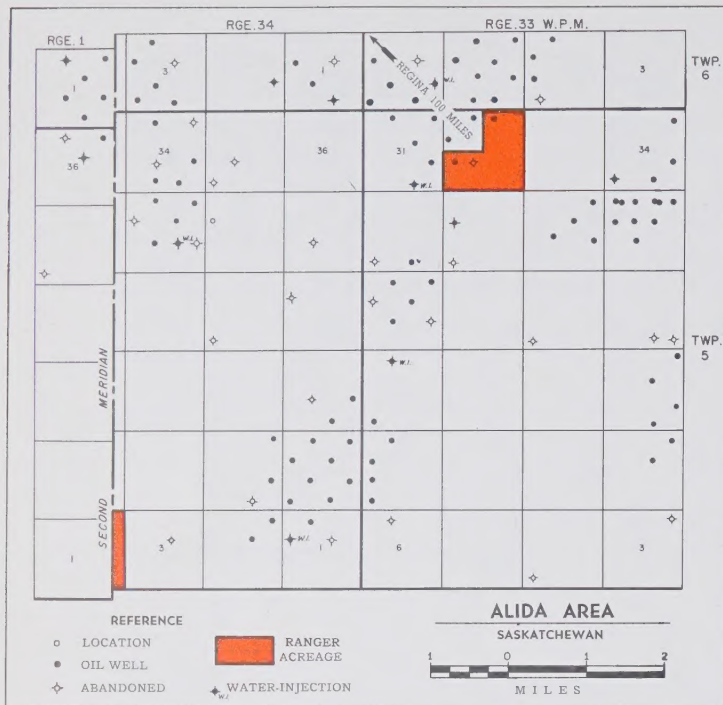
The NW¼ of Sec. 12, Twp. 2, Rge. 34 W1 was farmed out with Ranger reserving 12½% overriding royalty interest. A good well was completed from the Midale limestone in December 1958. This lease is included in the East Carnduff Unit. The oil is 39° gravity, sweet.

Weyburn

In November 1958, we completed Ranger Bralsa Hernstadt 14-5 from the Marly and Upper Vuggy zones of the Midale limestone. This oil is 33° gravity, sweet.

In January 1960, we drilled Ranger Bralsa Roughbark 8-36 which was completed in the Midale limestone. This oil is 29° gravity, sweet.

The Weyburn field was unitized in 1963 and both the above leases are included in the Unit.



Midale

The Company owns the S½SE¼ of Sec. 29, Twp. 6, Rge. 11 W2.

In 1960, we drilled Ranger Bralsa Halbrite 1-29 which is a good producer from the Midale limestone. This oil is 29° gravity, sweet.

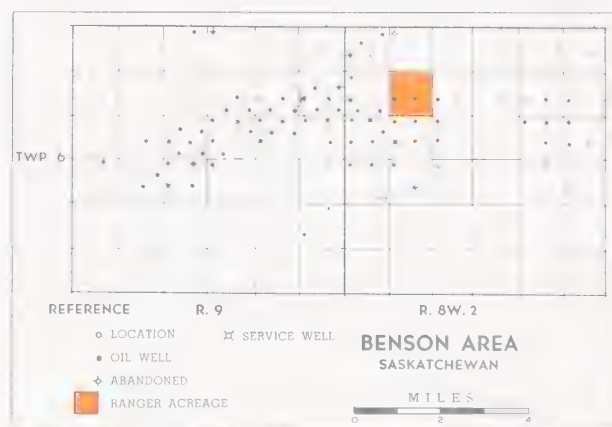
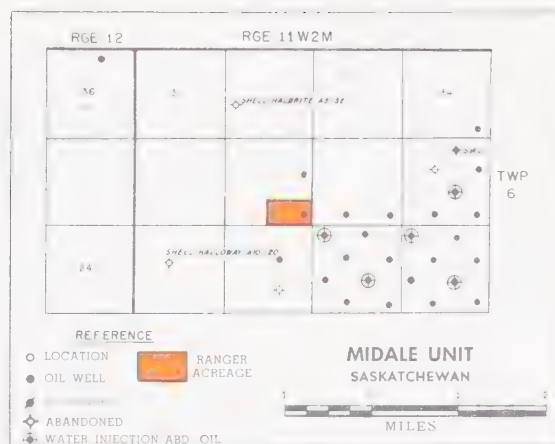
The Midale field was unitized in 1962 and this lease is now part of the Midale Unit.

Benson

At the April 5, 1960 Saskatchewan Crown Sale, we purchased the SW¼ of Sec. 29, Twp. 6, Rge. 8 W2. This lease is offset to the west and south by Midale oil producers.

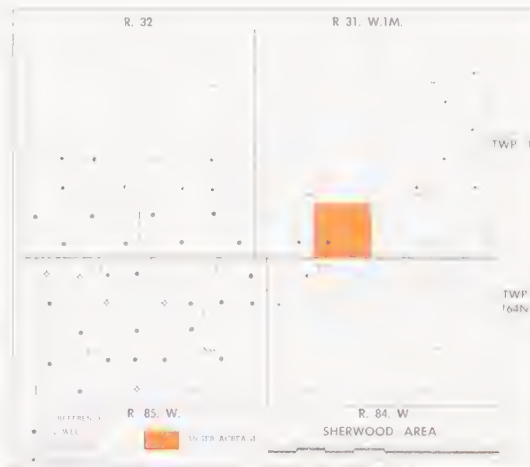
In 1961, we purchased the SE¼ of this same Section 29.

In 1964, we farmed this half section to Husky Oil Canada Limited on basis of Husky drilling and completing two wells into tanks for 65% interest. Husky Ranger Benson 7-29 was completed in the Frobisher zone and Husky Ranger Benson 5-29 completed in the Midale. At the December 8, 1964 Saskatchewan Crown Sale, Husky and Ranger purchased the N½ of this Section 29.



Sherwood

On October 13, 1964, Ranger purchased 100% for its account, Crown Parcel #64 at a cost of \$5,150. On March 13, 1965, we completed Ranger Sherwood 2-6-1-31 WIM with initial potential of 118 bbls. per day clean oil. This oil is 29° gravity. Wellhead price for this crude is \$2.145. The well is producing from the Sherwood limestone of Mississippian Age.

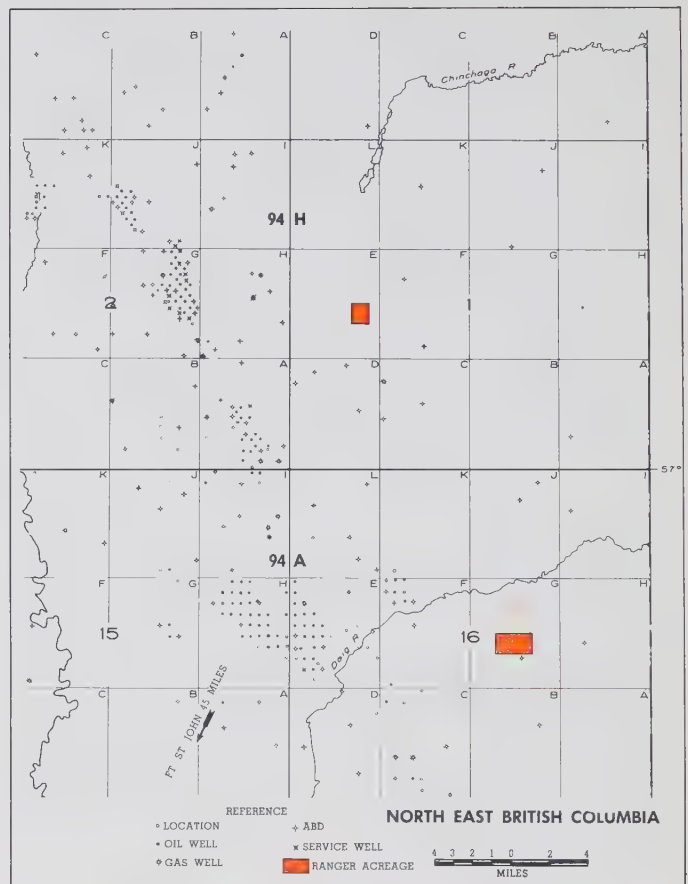


BRITISH COLUMBIA

At the Crown Reserve Sale of February 25, 1965, the group of Western Decalta Petroleum Limited, Camerina Petroleum Corporation and Ranger, one-third each, purchased three parcels of land north of Fort St. John, B.C. of approximately 700 acres for a total price of \$25,688 as shown on the accompanying map. These lands are situated west of production from the Peejay, Wildmint, Milligan Creek and Beatton River oil fields. Production in these fields is from the Halfway sandstone of Triassic Age. The Halfway formation in this area is an ancient beach deposit with very good uniform porosity and permeability.

NORTHWEST TERRITORIES

In April, 1965, Ranger field on 61,272 acres in the Northwest Territories, north of the recent Banff Oil discovery at Rainbow Lake. The acreage is registered as Government of Canada Permit No. 4195, Lat. 61° 30' N, Long. 122° 00' W.



Canada

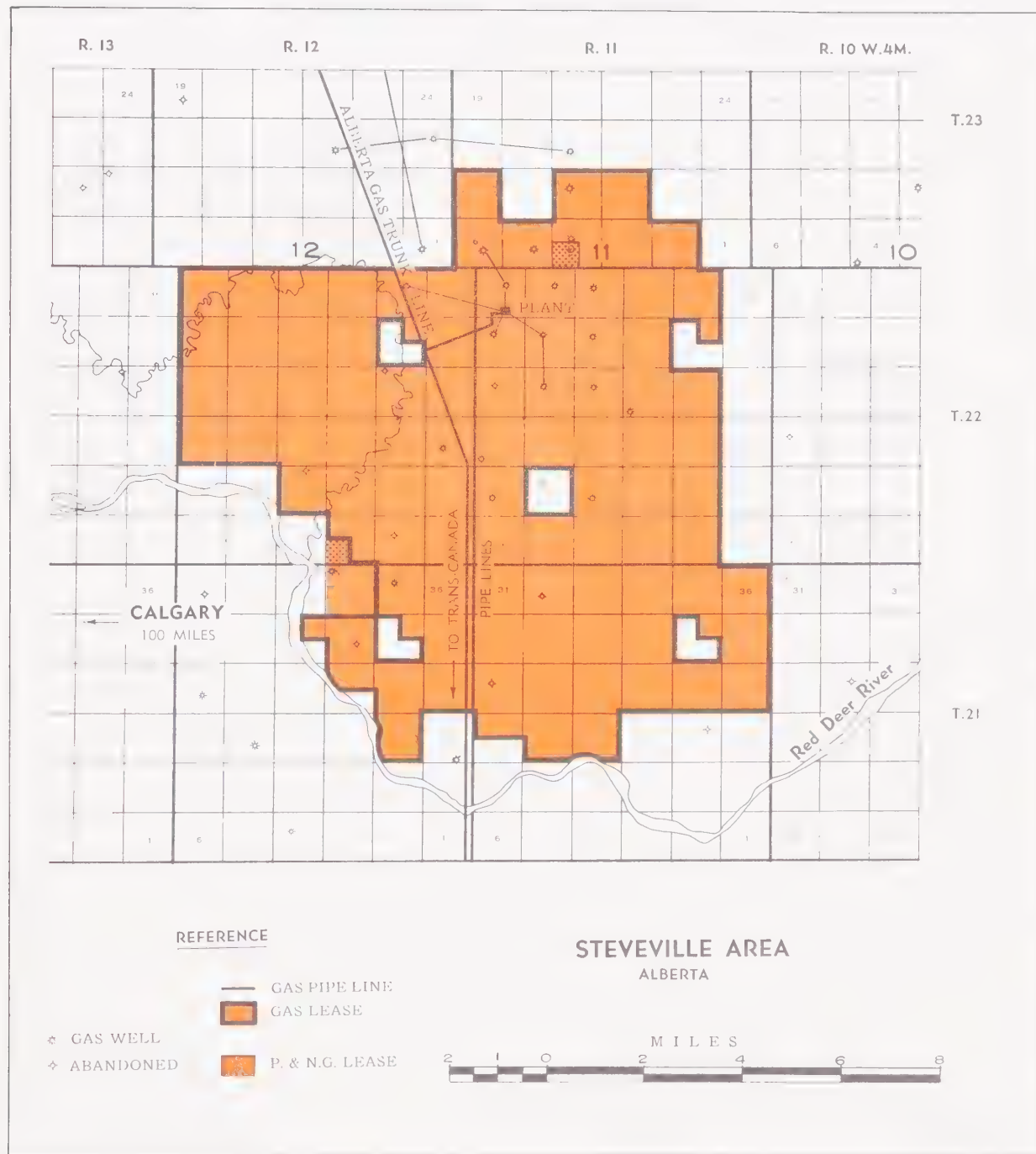
Gas Properties

Ranger owns gas properties in five Alberta areas: Steveville, Viking Kinsella, Hanna, Craig Lake, and Namao. Most of these properties are either connected to market outlets, or are in the immediate gas export areas.

Steveville-Cessford Gas Composite

In September 1958, the Steveville gas field was placed on stream to Trans-Canada Pipe Lines

Limited. Ranger and associates own 60,306 acres in the Steveville-Cessford area. This property is approximately 25% of the Steveville-Cessford com-



posite, in which one trillion cubic feet of reserves are developed.

Most of the 20 wells already drilled on the Ranger property have high pressure and high deliverability capable of flowing into the line without the help of compressors. The expected life of these wells is in excess of 20 years. The gas in this reservoir is dry.

The drilling of new wells could substantially increase the reserves. There are 67 undeveloped sections in this lease block.

In 1960, a supplementary contract on new reserves was signed with Trans-Canada Pipe Lines. An agreement was also made with Trans-Canada allowing high daily takes from the big wells.

Ranger owns 14.2973% interest in the Steveville field. In addition, Ranger owns a $\frac{1}{3}$ interest in the original Steveville 1A discovery well and drainage area.

In late 1963, an additional supplemental contract was signed with Trans-Canada Pipe Lines Limited. To supply this contract, the following three new wells were completed in December 1963 with associated gathering system:

Steveville 11-20, Lsd. 11-20-22-11 W4M.

Steveville 11-30, Lsd. 11-30-22-11 W4M.

Steveville 10-35, Lsd. 10-35-22-12 W4M.

The net result is that since January 1, 1964 we have been delivering approximately 33 million cubic feet per day from Steveville.

Viking Kinsella Gas Field

Eleven wells drilled to date on the Company's 22,997 acre property have confirmed the presence of sizeable multiple reservoirs with gas being found in commercial quantities in seven horizons. Ranger owns 50% interest in the gas unit and all other lands in this area.

The uppermost (Viking sandstone) reservoir in this field has been the prime supplier of natural gas for the Edmonton, Wetaskiwin and Red Deer markets for many years.

Ranger's geological department, after making an extensive subsurface and seismic study, recognized the potential of the lower zones. This led to the development of these reserves on the pipeline now serving the Edmonton area markets.

The Company markets gas to Northwestern Utilities, Limited, Edmonton. This concentrated reservoir with its high deliverability dry gas wells is admirably suited to the peak load Edmonton market and the Company anticipates substantial income from this property for many years.

Ranger Westates Viking 10-21Mu was the first well connected to the pipeline in December 1956. The gathering system was extended in 1957 to connect Ranger Westates Viking 6-15, 6-18Mu and 11-7 wells.

In 1959, we connected the 7-10 well to the pipeline. Another development well was drilled, Ranger Westates Viking 7-28 in 1961. This well found gas in two zones, and drillstem tested approximately five million cubic feet per day.

Again, in 1962, another development well was drilled, Ranger Westates Viking 6-28 which extended the Viking gas reservoir northeast.

The five-year primary term of our contract with Northwestern Utilities, Limited, expired December 31, 1961. After lengthy negotiations, we reached agreement resulting in substantial increase in volume and price.

Generally, the agreement provides that this gas unit will receive 16% of the net Viking Kinsella withdrawals for the five-year period 1962-1966 inclusive.

This agreement resulted in a program of new completions, connections and gathering lines in the fall of 1962 in order to provide deliverability. This in turn was responsible for the discovery of a new zone—the Wainwright sand in Ranger Westates Viking 6-22 which has an open flow potential of 4.4 million cubic feet per day.

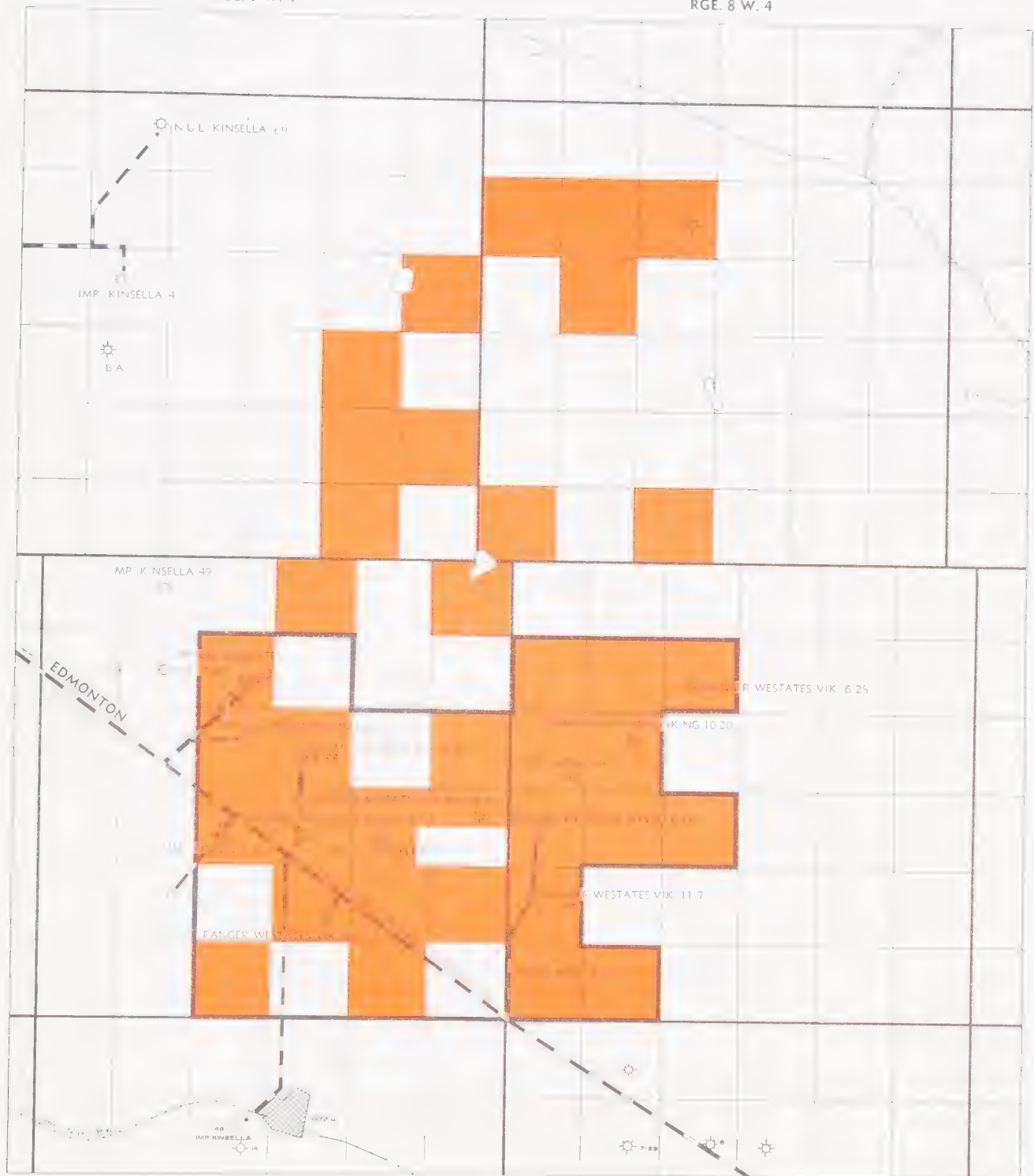
In 1963, we again accomplished new completions at Viking Kinsella. Ranger Westates Viking 11-7 was dually completed in the Viking

NEW COMPLETIONS

Well	Zone	Absolute Open Flow
Ranger Westates Viking 7-28	Wainwright sand	7.7 million cubic feet per day
	Basal Quartz sand	9.5 million cubic feet per day
Ranger Westates Viking 10-21	D3	7.55 million cubic feet per day
Ranger Westates Viking 6-22	Wainwright sand	4.4 million cubic feet per day
	D2	26.0 million cubic feet per day

RGE. 9 W. 4

RGE. 8 W. 4



T. 47

T. 46

REFERENCE

- LOCATION
- ⊗ ABANDONED
- ⊙ GAS WELL

- GAS PIPE LINE
- FANGER ACREAGE

UNIT AREA

VIKING KINSELLA
ALBERTA



sand. It has been a large Basal Quartz producer since 1957. Ranger Westates Viking 6-15 was recompleted in the D2.

1964 sales were 3.5 billion cubic feet.

Hanna Gas Field

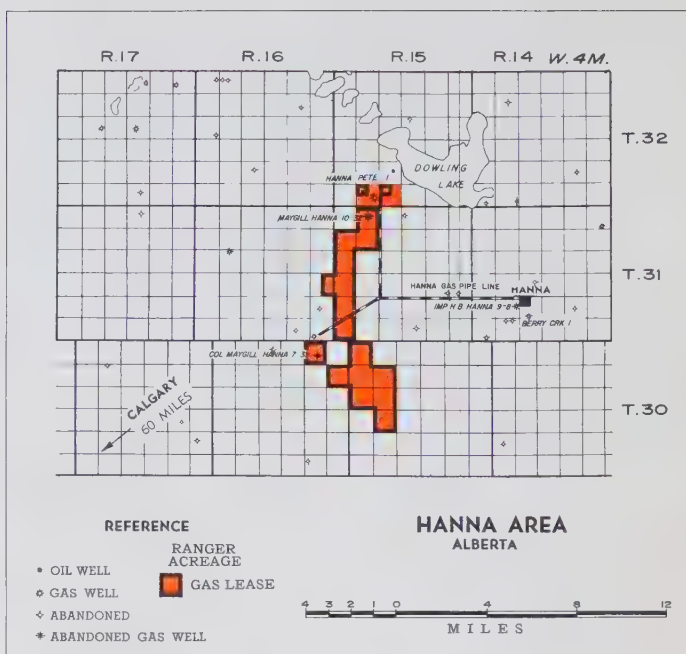
The Company owns three gas wells in this area. One wholly owned well is connected and marketing to the Town of Hanna. A back pressure test on this well, Hanna Petroleum No. 1, in July 1956, gave 12.5 million cubic feet of dry gas per day open flow potential.

Craig Lake Gas Field

In 1957, we drilled a confirmation well C.B.E.O. Maygill Craig Lake 7-29, 1¼ miles northeast of discovery 6-20. This second well is almost identical to the discovery with two well developed sands testing approximately 3 million cubic feet of dry gas per day.

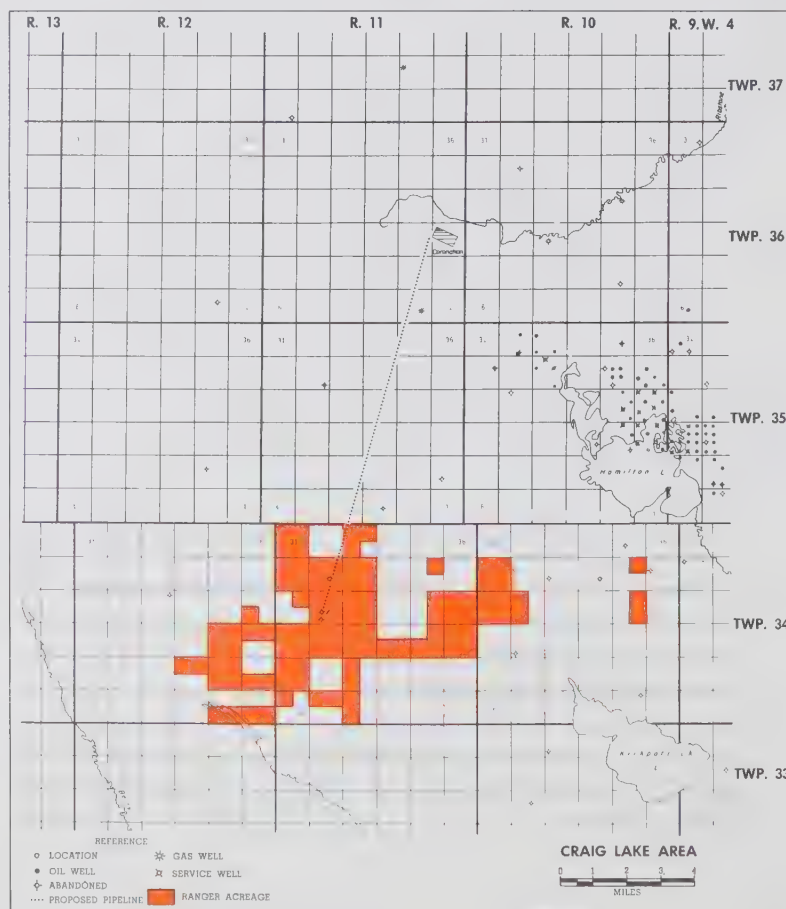
The gas licence has now been converted to gas lease as shown on the map.

At the February 9, 1965 Alberta Crown Sale, Ranger won Permit No. 339, offset to the field, comprising 6,080 acres. During the year, we pur-



chased half interest in this property and the Company now owns Craig Lake 100%.

We have recently concluded a marketing agreement with the Town of Coronation. The Town will build a 12-mile pipeline in 1965 to the field.



RANGER OIL COMPANY

Ranger Oil Company of Lusk, Wyoming, is a wholly-owned subsidiary of Ranger Oil (Canada) Limited.

Officers and Directors

J. M. PIERCE, B.Sc., P.ENG. — *President and Director*

R. CHAMBERLAIN — *Secretary and Director*

J. W. AGNEW — *Treasurer and Director*

W. B. MILNER — *Director*

P. C. BADGLEY, Ph.D., P.ENG. — *Director*

D. G. FLANAGAN — *Assistant Secretary*

WYOMING

Ant Hills

In August 1961, Ranger Oil Company drilled a wildcat well in the centre of the Ant Hills, Wyoming land block. This well was substantial discovery in the Dakota sand. Initial swab tests gave recovery of 24 bbls. per hour clean oil with fluid level steady at 2,600 feet. After fracture treatment, the well swabbed 44 bbls. per hour with fluid level at 500 feet. The discovery has produced and sold some 200,000 bbls. of oil.

The Company owns approximately 90% in over 7,000 acres in the immediate area of the discovery. Our Ant Hills oil is 36° gravity, sweet crude. We have developed substantial market for this oil and

are selling all we can produce at wellhead price of \$2.45 per barrel.

This large complicated structure will be the object of further exploration by the Company for some years to come.

In 1963, Sun Oil Company made a substantial discovery in the Dakota sandstone at South Ant Hills. Seven producing wells were rapidly drilled in this pool as shown on the map.

In 1964, we completed an offset to the Sun Oil production — Ranger Tom Bell Gov't #1, SE SE SE - Sec. 24, Twp. 37N, Rge. 63W, 6 PM.

Another deep test to the Leo Sands of Pennsylvanian age is expected to be drilling on Ant Hills in 1965.

RGE. 64 W.

RGE. 63 W.

RGE. 62 W.

TP. 38 N

TP. 37 N

TP. 36 N

ANT HILLS FIELD

OLD WOMAN ANTICLINE

LITTLE
BUCK
CREEK
FIELD

CHEYENNE

140 MILES

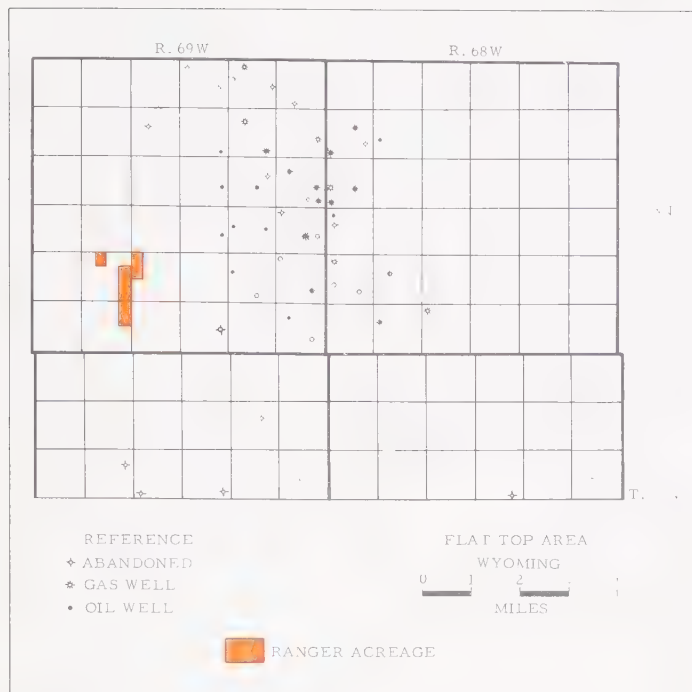
R E F E R E N C E

- OIL WELL
- ⊗ SUSPENDED
- ⊕ ABANDONED

 RANGER
ACREAGE

ANT HILLS AREA
WYOMING





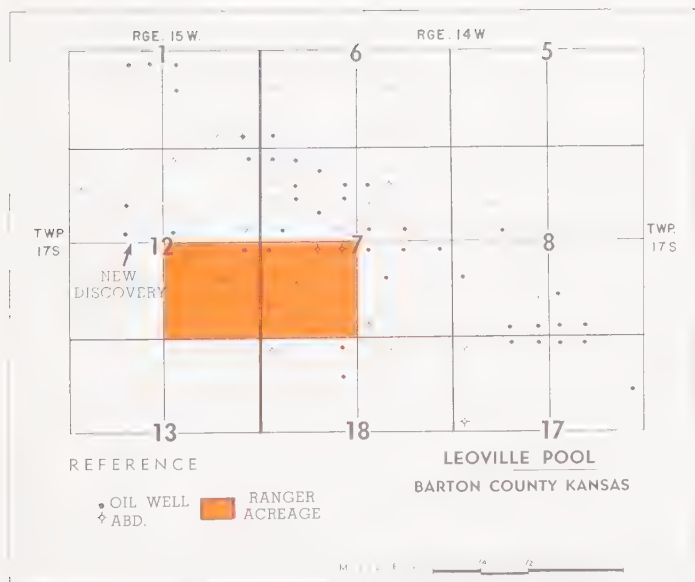
Flat Top Area Converse County

We acquired a valuable Federal lease in 1962 which is shown on the adjoining map. The Flat Top area has had several gas and oil discoveries in the Mesa Verde sand and is the scene of active development drilling.

KANSAS

Ranger operates 4 wells in Barton and Graham Counties. All leases have maintained allowable production without any evidence of decline during the last year. Our Kansas producibility is over double the present allowable. This oil is 36° gravity, sweet.

In 1964, a new discovery area was developed just northwest offset to our property. Ranger may possibly drill an offset well in 1965.



NORTH DAKOTA

Burke County

This area is approximately ten miles south of the Saskatchewan border in the Williston Basin.

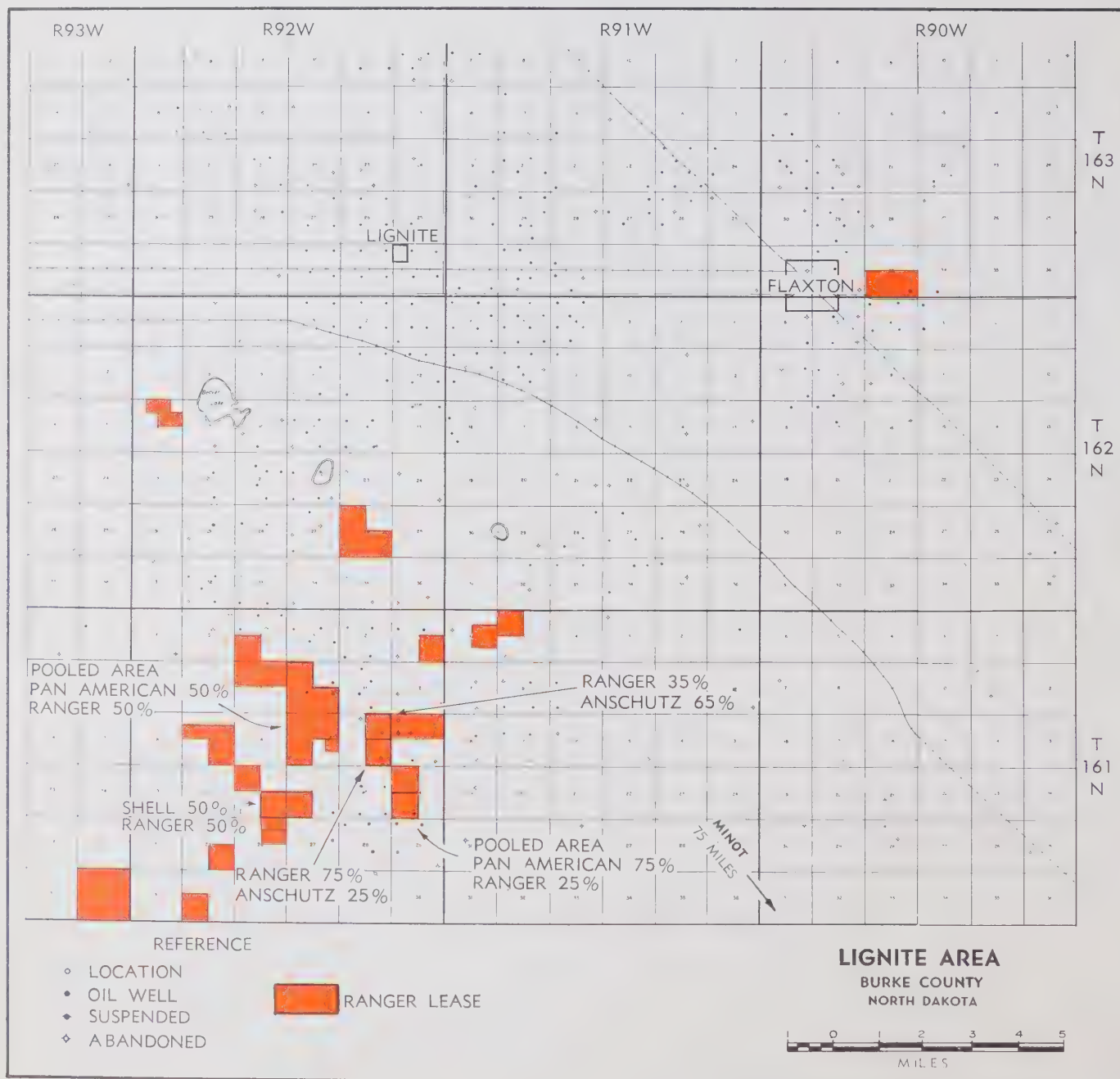
In 1963, Burke County became a region of substantial interest to Ranger Oil Company. The first Pan American - Ranger joint location — Pan American - Ranger Winzenburg Unit No. 1, NE SE-10-161-92 was completed as a flowing well from the Nesson limestone at rate 192 bbls. per day. In January 1964, we followed this up with a west step-out — Pan American-Ranger Griffith Unit No. 1, NE SW-10-161-92. This was completed as an almost identical well to the Winzen-

burg, flowing 186 bbls. per day from the Nesson limestone.

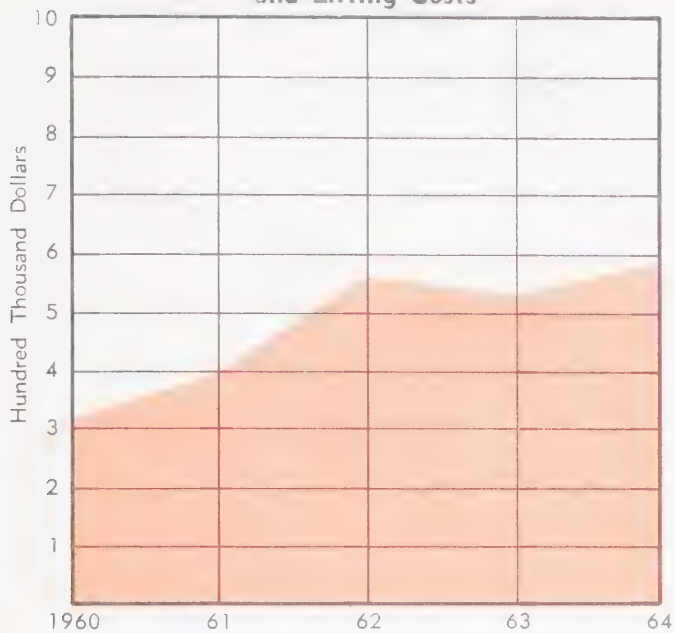
In September 1964, Pan American Petroleum Corporation and Ranger completed another well, Pan American-Ranger Carroll-Grandall Unit No. 1, NW SW-24-161-92.

As this report goes to press, Anschutz Oil Co., Inc. has just completed a very prolific well, An-

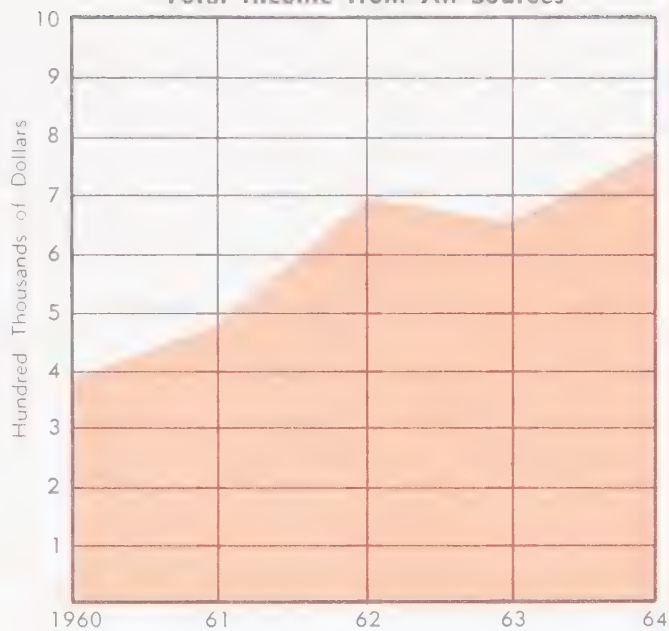
schutz Phillips Pet 1 Swenson-FLB SE NW - Sec. 23, Twp. 161N, Rge. 92W. This well has an initial potential of some 450 bbls. a day from the Nesson limestone. Ranger has pooled the E½ of Section 14, Twp. 161N, Rge. 92W with Anschutz and the first well, Anschutz Ranger Grandall #1, SE SE Section 14, Twp. 161N, Rge. 92W, will be commenced shortly. Interest in this well will be: Ranger 75%; Anschutz 25%.



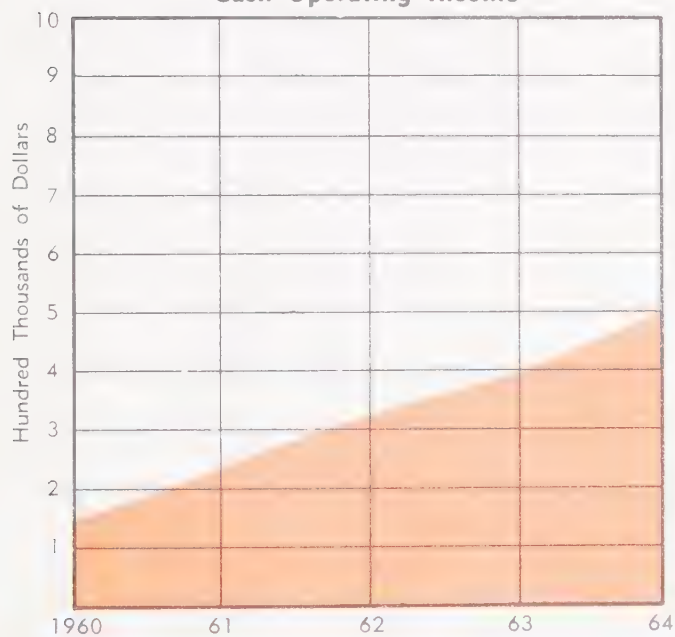
Net Income from Oil and Gas Sales after Royalty and Lifting Costs



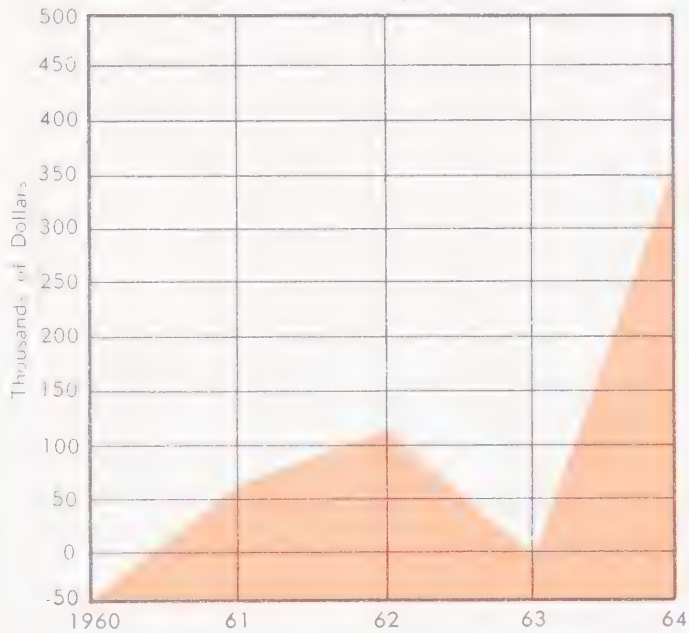
Total Income from All Sources



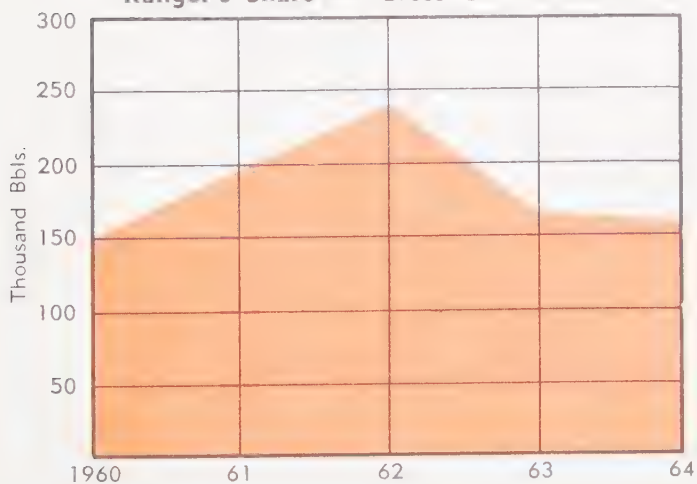
Cash Operating Income



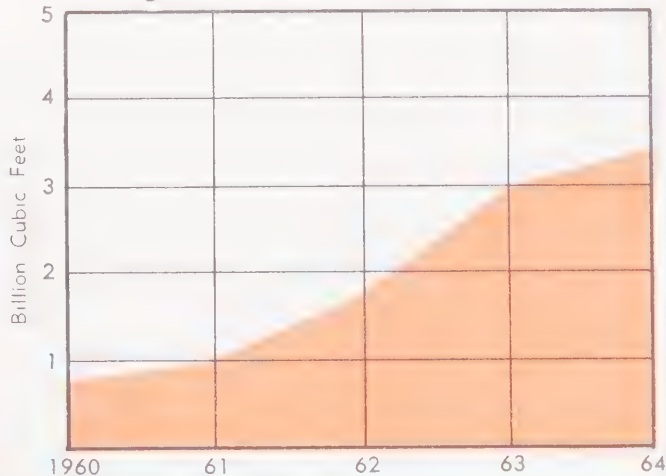
Net Income



Ranger's Share — Gross Oil Production



Ranger's Share — Gross Gas Production



GROWTH TREND 1960-1964

RANGER OIL (CANADA) LIMITED

(Incorporated under The Corporations Act of Ontario)

and subsidiary companies

CONSOLIDATED BALANCE SHEET

ASSETS

	<u>1964</u>	<u>1963</u>
CURRENT ASSETS		
Cash	\$ 76,086	\$ 144,445
Marketable securities, at cost (quoted market value \$61,575)	72,846	900
Accounts receivable	179,409	148,568
Inventories — crude oil at market prices	6,541	8,919
— materials and supplies, at cost	11,511	52,368
Total current assets	346,393	355,200
OTHER INVESTMENTS AND ADVANCES, at cost	48,554	67,461
PROPERTY, PLANT AND EQUIPMENT		
Petroleum and natural gas leases, reservations and rights, including development and equipment thereon		
Producing, at cost	2,067,684	1,956,887
Less accumulated depletion and depreciation	1,159,493	1,081,453
	908,191	875,434
Non-producing, at cost less amounts written off	1,337,464	564,048
Other equipment, at cost	90,022	93,587
Less accumulated depreciation	(56,064)	(57,963)
	2,279,613	1,475,106
OTHER ASSETS AND DEFERRED CHARGES	26,732	35,142
	\$2,701,292	\$1,932,909

8 AT DECEMBER 31, 1964

LIABILITIES

	1964	1963
CURRENT LIABILITIES		
Current portion of bank loan	\$ 81,000	\$ 18,409
Accounts payable	114,634	105,785
Total current liabilities	195,634	124,194
BANK LOAN, payable out of production and evidenced by demand notes		
Less portion included in current liabilities	436,000	58,509
	81,000	18,409
	355,000	40,100
CAPITAL STOCK AND DEFICIT		
Capital stock (Note 4)		
Authorized		
3,000,000 shares of no par value		
Issued, fully paid		
1,587,399 shares	2,995,937	2,995,937
Deficit, per statement attached	(845,279)	(1,227,322)
	2,150,658	1,768,615

Approved on behalf of the Board:

Jack M. Pierce
Director

E. O. Harry
Director

\$2,701,292 \$1,932,909

The accompanying notes to consolidated financial statements are an integral part of this balance sheet.

RANGER OIL (CANADA) LIMITED
and subsidiary companies
CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1964
(with comparative figures for the prior year)

	<u>1964</u>	<u>1963</u>
INCOME		
Oil and gas	\$ 712,957	\$ 666,070
Other	65,206	17,176
	778,163	683,246
EXPENSES		
Well operating	128,177	134,290
Carrying costs of non-producing properties	14,389	27,376
Properties surrendered	21,325	29,768
Exploration and unproductive development	30,214	229,227
General and administrative	114,778	92,390
Depletion of producing properties	66,112	118,508
Depreciation of equipment	60,736	61,103
	435,731	692,662
NET INCOME (LOSS) for the year	\$ 342,432	\$ (9,416)

The accompanying notes to consolidated financial statements are an integral part of the above statement.

RANGER OIL (CANADA) LIMITED
and subsidiary companies
CONSOLIDATED STATEMENT OF DEFICIT

FOR THE YEAR ENDED DECEMBER 31, 1964
(with comparative figures for the prior year)

	<u>1964</u>	<u>1963</u>
DEFICIT at beginning of year	\$1,227,322	\$ 589,906
Write down of certain non-producing properties to estimated value		628,000
Adjustment of prior year's depletion provision	39,611	
	1,187,711	1,217,906
Net income (loss) for the year	342,432	(9,416)
DEFICIT at end of year	\$ 845,279	\$1,227,322

The accompanying notes to consolidated financial statements are an integral part of the above statement.

RANGER OIL (CANADA) LIMITED
and subsidiary companies

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 1964

Note 1 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of the company include the accounts of all subsidiary companies, each of which is wholly-owned.

The accounts of foreign subsidiaries are converted to Canadian dollars on the following basis:

- (a) Current assets and current liabilities

At the rate of exchange in effect as at the balance sheet date.

- (b) Fixed assets

At the average rate of exchange, for the years in which the respective underlying assets were acquired.

- (c) Income and expense

At the average rate of exchange for the year.

Note 2 ACCOUNTING POLICIES

It is the company's policy to charge all exploration expenses and the carrying charges of non-producing properties to income as incurred. Lease acquisition costs are capitalized and are charged to income if the lease is subsequently surrendered. The cost of drilling a productive well is capitalized and the cost of an unproductive well is charged to income when the well is determined to be dry. The costs of producing leases and producing wells are amortized using the unit of production method based upon estimated recoverable quantities of gas and oil as determined by the company.

Note 3 INCOME TAX

The depreciation and drilling and exploration expenditures, claimed in 1964 for tax purposes exceeded the corresponding amounts provided in the company's accounts, and as a result no income tax was payable.

Note 4 CAPITAL STOCK

As at December 31, 1964, there was outstanding a non-transferable option granted to the President of the company to purchase 50,000 shares of the company's treasury stock at \$1.00 per share. The option is exercisable in annual amounts of 10,000 shares each year commencing November 1, 1964 for a period of five years, provided always that in the event the said option is not exercised in any one year, it may be exercised in the succeeding years. The option price per share was greater than market price on the granting date.

AUDITORS' REPORT

To the Shareholders
Ranger Oil (Canada) Limited

We have examined the consolidated balance sheet of Ranger Oil (Canada) Limited and subsidiary companies as at December 31, 1964 and the consolidated statements of income, deficit and source and disposition of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of income, deficit and source and disposition of funds present fairly the financial position of Ranger Oil (Canada) Limited and subsidiary companies as at December 31, 1964 and the results of their operations and the sources and disposition of funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

RIDDELL, STEAD, GRAHAM & HUTCHISON
Chartered Accountants

March 24, 1965.

RANGER OIL (CANADA) LIMITED
and subsidiary companies

CONSOLIDATED STATEMENT OF SOURCE AND DISPOSITION OF FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1964

SOURCE OF FUNDS

Funds provided by operations		
Net income for the year	\$ 342,432	
Charges and credits not involving funds		
Properties surrendered	21,325	
Depletion of producing properties	66,112	
Depreciation of equipment	60,736	
Exploration and unproductive development	30,214	
Gain on sale of assets	(39,273)	\$ 481,546
Proceeds from sale of fixed assets		93,193
Proceeds from sale of investments		31,846
Other		6,806
		613,391
Bank loan proceeds (net)		314,900
		928,291

DISPOSITION OF FUNDS

Property, plant and equipment additions	1,008,538
DECREASE IN WORKING CAPITAL	80,247
Working capital at beginning of year	231,006
WORKING CAPITAL at end of year	\$ 150,759

The accompanying notes to consolidated financial statements are an integral part of the above statement.

